

MONTANA LEGISLATIVE HISTORY

Chapter 555 1979

Bill H 437 S _____ Original bill & history ☒ c

Select Committee on Employee Compensation

H. Committee on _____

S. Committee on _____

Hearing Date(s) 2-8 _____ c

Hearing Date(s) 3-20 _____ c

2-15 _____ c

out 3-21 _____ c

_____ c

Finance Claims 3-22 _____ c *out*

_____ c

_____ c

Date Out 2-19 _____ c

Did this bill originate in an interim committee? _____ Yes _____ No

Committee _____

Report _____

CHAPTER NO. 555.

HOUSE BILL 437

INTRODUCED BY SOUTH

IN THE HOUSE

January 27, 1979	Introduced and referred to Select Committee on Employee Compensation.
February 19, 1979	Committee recommend bill do pass as amended. Report adopted.
February 21, 1979	Printed and placed on members' desks.
February 22, 1979	Second reading, do pass. Considered correctly engrossed.
February 23, 1979	Third reading, passed. Transmitted to second house.

IN THE SENATE

February 23, 1979	Introduced and referred to Select Committee on Employee Compensation.
March 22, 1979	Committee recommend bill be concurred in as amended. Report adopted.
March 24, 1979	Second reading, pass consideration.
March 26, 1979	Second reading, concurred in.
March 27, 1979	Third reading, concurred in as amended.

IN THE HOUSE

March 28, 1979	Returned from second house Concurred in as amended.
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March 31, 1979

Second reading, amendments
adopted.

April 2, 1979

Third reading, amendments
adopted. Sent to enrolling.

Reported correctly enrolled.

1 HOUSE BILL NO. 437
 2 INTRODUCED BY Southern
 3
 4 A BILL FOR AN ACT ENTITLED: "AN ACT TO ESTABLISH A PROGRAM
 5 UNDER WHICH THE STATE OF MONTANA MAY PROVIDE ITS EMPLOYEES
 6 WITH ADEQUATE GROUP HOSPITALIZATION, HEALTH, MEDICAL,
 7 DISABILITY, LIFE, AND OTHER RELATED GROUP BENEFITS IN AN
 8 EFFICIENT MANNER AND AT AN AFFORDABLE COST; AMENDING
 9 SECTIONS 2-18-702 AND 5-2-303, MCA; REPEALING SECTIONS
 10 2-15-1012 AND 2-18-801 THROUGH 2-18-807, MCA; AND PROVIDING
 11 AN IMMEDIATE EFFECTIVE DATE."

12
 13 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:
 14 NEW SECTION. Section 1. Purpose. The purpose of [this
 15 act] is to establish a program under which the state may
 16 provide state employees with adequate group hospitalization,
 17 health, medical, disability, life, and other related group
 18 benefits in an efficient manner and at an affordable cost.

19 NEW SECTION. Section 2. Definitions. As used in [this
 20 act], the following definitions apply:

21 (1) "Department" means the department of
 22 administration provided for in 2-15-1001.

23 (2) "State employee" means an employee of the state,
 24 specifically including a member or employee of the
 25 legislative branch of state government. The term "state

1 employee" does not include employees of counties, cities,
 2 towns, school districts, or the Montana university system.

3 NEW SECTION. Section 3. General duties of the
 4 department. The department shall:

5 (1) adopt rules for the conduct of its business under
 6 [this act] and to carry out the purposes of [this act];

7 (2) negotiate and administer contracts for state
 8 employee group benefit plans;

9 (3) design state employee group benefit plans,
 10 establish specifications for bids, and make recommendations
 11 for acceptance or rejection of bids;

12 (4) prepare an annual report which describes the state
 13 employee group benefit plans being administered, details the
 14 historical and projected program costs and the status of
 15 reserve funds, and makes recommendations, if any, for change
 16 in existing state employee group benefit plans; and

17 (5) prior to each legislative session, perform or
 18 obtain an analysis of rate adequacy of all state employee
 19 group benefit plans administered under [this act]. The
 20 department shall make copies of the report available to the
 21 legislature.

22 NEW SECTION. Section 4. Alternatives to conventional
 23 insurance for providing state employee group benefits
 24 authorized -- requirements. The department may establish
 25 alternatives to conventional insurance for providing state

1 employee group benefits. The requirements for providing
2 alternatives to conventional insurance are as follows:

3 (1) The department must maintain state employee group
4 benefit plans on an actuarially sound basis.

5 (2) The department must maintain reserves sufficient
6 to liquidate the unrevealed claims liability and other
7 liabilities of state employee group benefit plans.

8 (3) The department must deposit all reserve funds and
9 premiums paid to a state employee group benefit plan.

10 (4) The department must deposit income earned from the
11 investment of a state employee group benefit plan's reserve
12 fund into the account established under subsection (3) of
13 this section in order to offset the costs of administering
14 the plan.

15 NEW SECTION. Section 5. Combining existing employee
16 groups authorized. The department may combine existing state
17 employee groups into larger groups for the purpose of
18 establishing state employee group benefit plans on behalf of
19 the combined groups. The department may also combine state
20 employees into a single group for purposes of state employee
21 group benefits under [this act].

22 NEW SECTION. Section 6. Administrative costs. The
23 department shall include the costs of administering and
24 negotiating state employee group benefit plans established
25 under [this act], as well as the costs of hiring necessary

1 consultants, actuaries, and auditors under [this act], as
2 part of the cost for state employee group benefits.

3 NEW SECTION. Section 7. Transfer of authority of
4 board of regents authorized. (1) The board of regents of
5 higher education may transfer its authority for providing
6 group benefits for employees of the Montana university
7 system to the department.

8 (2) Upon transfer of the board of regents' authority
9 as provided in (1) of this section, group benefit plans for
10 employees of the Montana university system are subject to
11 the provisions of [this act].

12 NEW SECTION. Section 8. Annual audits of group
13 benefit plans required. The department shall have the state
14 employee group benefit plans established under [this act],
15 whether established on a self-funded basis or not, audited
16 annually by either the legislative auditor or an independent
17 certified public accountant.

18 Section 9. Section 2-18-702, MCA, is amended to read:

19 "2-18-702. Group insurance for public employees and
20 officers. (1) All ~~departments, bureaus, boards, commissions~~
21 ~~and agencies of the state and all~~ counties, cities, and
22 towns, school districts, and the board of regents shall upon
23 approval by two-thirds vote of the their respective officers
24 and employees of ~~each such department, bureau, board,~~
25 ~~commission, agency, county, city, and town~~ enter into group

1 hospitalization, medical, health, including long-term
2 disability, accident, and/or group life insurance contracts
3 or plans for the benefit of their officers, employees and
4 their dependents.

5 (2) State employees, as defined in [section 2 of this
6 act], may participate in such state employee group benefit
7 plans as are provided for under part 8 of this chapter.

8 {2}(3) The premiums required from time to time to
9 maintain such insurance in force shall be paid by the
10 insured officers and employees, and the auditor shall deduct
11 said premiums from the salary or wages of each officer or
12 employee who elects to become insured, on the officer or
13 employee's written order, and issue his warrant therefor to
14 the insurer.

15 {3}(4) For the purpose of [40-3905.1, R.C.M. 1947],
16 the plans of health service corporations for defraying or
17 assuming the cost of professional services of licentiates in
18 the field of health, or the services of hospitals, clinics
19 or sanitariums, or both professional and hospital services,
20 shall be construed as group insurance, and the dues payable
21 under such plans shall be construed as premiums therefor."

22 Section 10. Section 5-2-303, MCA, is amended to read:

23 "5-2-303. Participation in state insurance benefits
24 group. Members Individual members of the senate and the
25 house of representatives may enroll in the state employees

1 insurance benefits group during the terms to which they have
2 been elected, ~~without the approval of two thirds of the~~
3 ~~appropriate house under 2-18-807.~~ The insurer provider of
4 benefits shall enroll and collect employee contributions
5 directly from such legislators. The employer contribution
6 shall be paid from funds appropriated for that purpose."

7 Section 11. Codification. Sections 1 through 8 of this
8 act are intended to be codified as an integral part of Title
9 2, chapter 18, part 8, and the provisions contained in Title
10 2, chapter 18, part 8, of this act apply to sections 1
11 through 8.

12 Section 12. Repealer. Sections 2-15-1012 and 2-18-801
13 through 2-18-807, MCA, are repealed.

14 Section 13. Effective date. This act shall be
15 effective immediately on passage and approval.

-End-

HB 437

STATE OF MONTANA

Request No. 249-79

FISCAL NOTE

Form BD-15

In compliance with a written request received February 8, 1979, there is hereby submitted a Fiscal Note for House Bill 437 pursuant to Chapter 53, Laws of Montana, 1965 - Thirty-Ninth Legislative Assembly. Background information used in developing this Fiscal Note is available from the Office of Budget and Program Planning, to members of the Legislature upon request.

DESCRIPTION OF PROPOSED LEGISLATION:

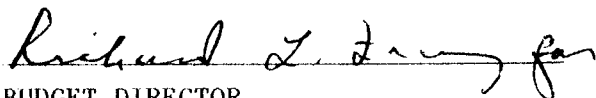
A proposal to establish a group benefit program within the Department of Administration.

ASSUMPTIONS:

1. The program will require the establishment of a group benefits supervisor.
2. The department will contract with an insurance consultant to help establish a benefit package and place it to competitive bid.
3. The program will be financed by the account to which the premium charges will be deposited.

FISCAL IMPACT:

The program will cost approximately \$51,000 each year to administer, the funding for which will be provided from premium charges.



BUDGET DIRECTOR

Office of Budget and Program Planning

Date: 2/12/79

AUG 10 1979

OF MONTANA

SELECT COMMITTEE ON EMPLOYEE COMPENSATION MEMBERS

HOUSE OF REPRESENTATIVES

Carroll South, Chairman

Howard Ellis

Harold Gerke

Dennis Iverson

Joe Tropila

SENATE

Matt Himsl, Vice Chairman

Larry Fasbender

Lloyd Lockrem

Pat Regan

Pete Story

ON EMPLOYEE COMPENSATION
46 Legislature

Bill No.	Subject Matter	Date In	Sponsor	Hearing Date	Committee Action	Date Out
HB 246	"An Act to Transfer Authority for Changes in Classification and In Class Salaries and Wages Under the State Classification and Pay Plan....."	1-18-79	South	2-20-79	Tabled	
HB 357	"An Act to Establish an Experimental Incentive Pay Program for State Employees for Gains in Economy and Efficiency in the Rendering."	1-24-79	Ellis	2-8-79	Bill taken out of Committee 2-23-79 Transferred to Appropriations	
HB 437	"An Act to Establish a Program Under Which the State of Montana may Provide its Employees with Adequate Group Hospitalization,....."	1-29-79	South	2-8-79	Do Pass As Amended	2-19-79
HB 528	"An Act Relating to Review of Positions and Changes in Classification Under the State Classification and Pay Plan for State Employees..."	2-2-79	South	2-15-79	Do Pass	2-16-79
HB 891	"An Act to Establish State Employee Compensation and Provide Pay Schedules for Fiscal Years 1980 and 1981; Appropriating Funds....."	2-28-79	South	3-30-79	Do Pass to Appropriations	4-4-79
HB 437	"An Act to Establish a Program Under Which the State of Montana may Provide its Employees with Adequate Group Hospitalization,....."	3-15-79	South	2-20-79	Do Pass As Amended	3-22-79

MINUTES OF THE MEETING
SELECT COMMITTEE ON EMPLOYEE COMPENSATION

7:30 P.M.
February 8, 1979
Room 108
State Capitol Building

The meeting was called to order by Acting Chairman Senator Hims1 at 7:30 P.M. All members of the committee were present with the exception of Senators Regan and Gerke. Senator Story was excused.

Chairman Hims1 presented Representative Carroll South who explained the nature of this Special Committee. Representative South stated that the committee has been established to hear bills on state employees' benefits.

Senator Goodover, the sponsor of Senate Bill 226, explained that his bill is the result of discussions at interim meetings and that under current insurance laws coverage is fractionalized. As a result many agencies found themselves in a high risk category with increased rates. Senator Goodover stated that he does not believe there is another bill covering this same subject, and he concluded by stating that in order for the agencies to get the best insurance coverage, they should all be included in the same plan.

There were no other proponents to the bill.

Tom Schneider, representing Montana Public Employees Association, rose in opposition to the legislation. He stated that the problem with the bill is that it does not completely handle the problem. There are problems with employees handling insurance by themselves. If you allow employees to drop out, you really don't have a group insurance. He stated that you simply can not let everyone handle their own insurance.

Harry Hardy rose in opposition to the bill. Mr. Hardy stated that he is a teacher at Capital High School in Helena, and is a member of AFL-CIO. He stated that the bill discriminated against teachers, labor unions and other groups.

Senator Goodover stated that the bill is not restrictive. It indicates that if employees want to go this route, they just wouldn't get the state contribution.

Representative Ellis asked what this bill does to the insurance program that is offered by the University of Montana.

Senator Goodover stated that educational groups are not included in this plan. He further stated that state agencies would not be included in the plan offered by the University system.

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if there is no money, there is no incentive. Senator Fasbender stated that the likelihood of revenue not coming in is very slim. Chairman Himsl stated that the earmarked revenue funds are dedicated for certain purposes. Senator Fasbender said that he supposes there are some outside cases where earmarked revenue funds could produce some problems if they are not paid. Representative Tropila said that if you read the bill, there is still a big "if" in it. Senator Fasbender asked how are you going to know when it is a savings and when it is not? You are going to have to insure that the current level of service is maintained. If there are normal vacancy savings, they have to see that these vacancy savings are not counted as qualifying savings.

Senator Fasbender stated that the best way to save money is to eliminate a job.

Chairman Himsl stated that under Section 10, the bill will use \$10,000 even though it is supposed to be a money saving thing.

After a short question and answer period, Chairman Himsl asked for any further comments. At this point Mr. Schneider stated that he doesn't favor excluding the Department of Administration because they are a diverse department with only a small function being addressed to personnel matters.

Chairman Himsl asked for any other questions. There being no further questions, he urged Representative Ellis and the committee to look into this legislation further.

Chairman Himsl then introduced Representative South who is the sponsor of House Bill 437. Mr. South explained the purpose of his bill stating that it is to establish an adequate health insurance program for state employees.

Dave Evenson, from the Personnel Division of the Department of Administration, explained that the relative high costs of health insurance and the fact that it affects each employee makes it a controversial issue. He went on to say that the state employee health insurance program is a major financial program as much as an employee benefit. It is imperative that the State assume its proper role as an employer and manage this program to see that both the tax dollars are wisely spent and that the interests of all state employees are protected. This bill will give the authority to manage the state health insurance program to the Department of Administration. The Chairman asked if there were any other proponents.

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Jack Noble from the Montana University System, rose in support of the legislation. He addressed comments to the insurance benefits and closed by saying that although the university system remains outside the plan, they can come in at a later date, and they endorse the bill.

There being no further proponents of the bill, Chairman Hims1 asked for any opponents.

Tom Schneider, of the Montana Public Employees Association, stated that he has a bill in the council that isn't too much different than this bill. His bill does not come under the management of the Department of Administration. It provides for a board of trustees comprised of a person from the Governor's Office, a representative from the Legislature and two members appointed from labor unions. The University System can be segregated and if they decide to come in at a later date they will be provided with two additional trustees. Under the trustee system the employee would feel they have representation. Also, their bill has a dollar value in it. Mr. Schneider said that his bill provides an option for an individual to go into self-insurance. He further said that employees are always suspicious of group insurance. He closed by saying that they feel insurance is very important and they would like action to be taken on Representative South's bill. Chairman Hims1 responded, stating that action will not be taken until all legislation on insurance is looked at closely.

Discussion was held between Representative South and Mr. Gosnell as to whether a single employee could have full coverage for \$30 and take the remaining \$20 of the state contribution in salary without subjecting the first \$30 to taxation.

At this time, Jim McGarvey, representing the Teachers union, rose in opposition, stating that they are ruling out a composite rate right off the bat. Under a composite rate everyone pays the same.

Representative South responded by citing an example of a husband and wife both working for the state. One spouse would have full coverage for the entire family, then, the remaining spouse could not utilize the full state contribution, and under current law they would forfeit the amount of the state contribution not used for insurance.

Chairman Hims1 stated that it is his impression that you should put the insurance out for bid to find out what coverage is available. We have to keep together and keep the group as large as possible. Mr. Gosnell rose again, saying that single people participating in the flat \$30 per month plan are subsidizing

February 8, 1979

Page 6

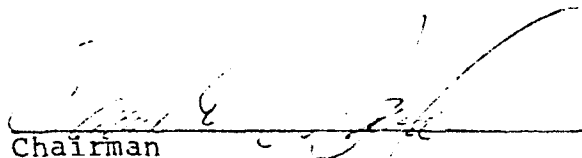
families. He feels we have to come up with a plan where everyone is benefiting equally. The Chairman stated that we take this position but it is impossible to please everyone and so you must compromise.

Don Judge, AFSCME, AFL-CIO, stated that there is a bill in that would allow the employee to take the state contribution as wages.

Cordell Brown rose again, saying that he thinks that Mr. Evenson's letter looks at the private sector. They are taking fixed dollar amounts and buying as much insurance as they can from that amount. The private sector chooses any number of options.

Tom Schneider asked if it is true that IRS has changed the rules; you can take your choice of benefit plans, no distinction is made for single or married persons. We decide what we want, we sent it out on a bid, we give the insurance company an amount to work with, and they tell us what coverage is available. This allows the state to buy fully paid life insurance for \$60 to \$70 a month. He concluded by saying that individuals can not build a solid insurance program based on their contributions alone.

The Chairman asked for any other opponents to the legislation and there being none, the meeting was adjourned.


Chairman

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MINUTES OF THE MEETING
SELECT COMMITTEE ON EMPLOYEE COMPENSATION

7:30 P.M.
February 15, 1979
Room 104
State Capitol Building
Subject: House Bill 528
House Bill 437

The meeting was called to order at 7:45 P.M. by Senator Hims1.
All members of the committee were present.

Representative South, the principal sponsor of House Bill 528 presented his bill, explaining the legislation is an act relating to review of positions and changes in classification under the state classification and pay plan for state employees. It also amends Section 2-18-203, M.C.A.

The Chairman then called for proponents of the bill.

Bill Goznell, representing the Department of Administration, Personnel Division, strongly supports the repeal of 2-18-203(4) and the proposed amendatory language to 2-18-203(1) as shown in House Bill 528. He went on to highlight 2-18-202 which is relevant to the problem. He stated that 2-18-202 contains the guidelines for classification. He further went on to say that 2-18-203(1) and (4) are mutually exclusive, explaining that the Department can not perform its duties under (1) without conflicting with (4) and vice versa. In connection with this, he explained the Unfair Labor Practice that had been brought by Montana Public Employees Association against the State.

Mr. Goznell continued, stating that the 1975 amendment to the Classification and Pay Plan and the management prerogative in the Collective Bargaining Act supersedes the original mandate. Mr. Goznell is now required to negotiate on each and every change made to the classification plan if it affects an employee within a bargaining unit.

He stated that the Personnel Division has hired a trained Test Development Specialist to assist in the process of validating minimum qualifications. This process involves detailed study of job requirements to show that the minimum qualifications are directly related to the work performed.

He concluded his testimony by stating that if this amendment is adopted, it will put the Classification Pay Plan back to the pre-1975 status.

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Jerry Driscoll, representing the Laborer's Local #98 in Billings, spoke on behalf of the custodian and maintenance workers at Eastern Montana College. They also oppose the legislation. He cited two cases that were applicable to the pay plan. Speaking on behalf of his union, Mr. Driscoll feels that the State has been violating the Classification Pay Plan and asked for a Do Not Pass.

Jim McGarvey from Helena, spoke in opposition to the bill. He represented the Montana Federation of Teachers and stated that the classification plan that they have to work with is so fraught with faults that it could not possibly work. He feels that this is the fault of the Personnel Department and certainly not the fault of the unions and the legislators. He said that he feels that the job descriptions are totally fouled up and that they tried to make the plan work because of the hearings procedure and the law. They feel they kept their word and stated that the problem is really with another group. The plan is disregarded and the employers just move people up and down and put them in wherever they fit. He feels that they are making a bad situation worse with House Bill 528. It simply is misunderstood.

There being no further opponents, Senator Himsl then presented Representative South who stated that there is a basic conflict between the pay plan and collective bargaining. He stated that the unions would like to see the pay plan defeated. Representative South went on to say that he believes in equal pay for equal work and asked what would happen if we didn't have a pay plan. He stated that they will still be bargaining for salary and working conditions. He concluded by saying that problems that have happened in the past will happen in the future unless we change the law. He requested the committee give this legislation a Do Pass for the benefit of all state employees.

After a short question and answer period between the committee and the opponents and proponents, the hearing was closed on House Bill 528.

At this point the committee went into Executive Session to consider House Bill 437. Representative South, the sponsor of the legislation, stated that this bill is an attempt to get a good, uniform insurance plan for state employees. He explained that the University System is exempt from membership in the plan, but they have the option if they wish to join. He went on to explain the amendments as shown in the attached Exhibit 1, and concluded by stating that this is a compromise bill and that he would appreciate action be taken on it tonight so that it can go to the Senate and they can begin working on it.

15

Representative South moved to put the amendments into House Bill 437 as submitted. The question vote passed unanimously.

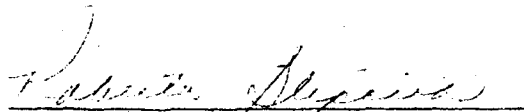
Representative Gerke made a motion that House Bill 437 Do Pass as Amended. Motion carried unanimously.

At this point Senator Fasbender made a motion that House Bill 528 Do Pass.

With Representative Tropila voting No, all other members of the committee voting Yes, House Bill 528 passed the committee.

There being no further business, the meeting was adjourned at 9:00 P.M.


Chairman


Secretary

FORTY-FIRST LEGISLATIVE DAY

Helena, Montana
February 19, 1979

House Chambers
Capitol Building

House convened at 2:37 p.m., Mr. Speaker in the Chair. Invocation by the Chaplain. Pledge of Allegiance to the Flag.

Roll call. All members present. Quorum present.

Mr. Speaker: We, your Committee on Legislative Administration/Bills and Journal, having examined the daily journal for the Thirty-seventh Legislative Day, find the same to be correct.

METCALF, Chairman

REPORTS OF STANDING COMMITTEES

BILLS (Metcalf, Chairman):

2/19/79

Considered correctly engrossed - HB 101, HB 234, HB 237, HB 341, HB 383, HB 428, HB 439, HB 457, HB 485, HB 486, HB 488, HB 499, HB 500, HB 516, HB 528, HB 543, HB 598, HB 621, HB 642, HB 648, HB 660, HB 670, HB 674, HB 697, HB 699, HB 704, HB 711, HB 712, HB 718, HB 763, HB 813, HJR 32.

Correctly engrossed - HB 46, HB 235, HB 274, HB 463, HB 673, HB 678, HB 693, HB 730.

Correctly printed - HB 145, HB 435, HB 537, HB 589, HB 638, HB 688, HB 713.

Correctly enrolled - HB 30.

Signed by the Speaker on adjournment, 2/17/79 - HB 62, HB 66, HB 146, HB 183.

Delivered to the Governor for his approval at 10:00 a.m., 2/19/79 - HB 7, HB 8, HB 28, HB 29, HB 31, HB 42, HB 97, HB 168.

Do Pass

SELECT COMMITTEE ON EMPLOYEE COMPENSATION (South, Chairman):

2/16/79

HB 437, introduced bill, be amended as follows:

1. Page 1.

Following: line 20

Insert: "(1) 'Advisory council' means the state employee group benefits advisory council provided for in [section 3 of this act]."

Renumber: subsequent subsections

2. Page 2.

Following: line 2

Insert: "SECTION 3. THERE IS A NEW MCA SECTION THAT READS:

State employee group benefit advisory council to be created — composition. (1) The department shall create a state employee group benefits advisory council under 2-15-122.

(2) The members of the advisory council shall be selected from a diverse group in order to adequately represent the interests of state employees.

SECTION 4. THERE IS A NEW MCA SECTION THAT READS:

Functions of advisory council. (1) The department shall meet and consult with the advisory council before negotiating, contracting, or otherwise modifying state employee group benefit plans.

(2) The advisory council shall meet quarterly to review the existing state employee group benefit plans, to review claims problems, and to advise the department on state employee group benefit matters."

Renumber: subsequent sections

3. Page 6, line 7.

Following: "Codification."

Insert: "(1)"

Following: "Sections 1"

Insert: ", 2, and 4"

Following: "through"

Strike: "8"

Insert: "10"

4. Page 6, line 10.

Following: "part 8,"

Strike: "of this act"

Following: "sections 1"

Insert: ", 2, and 4"

5. Page 6, line 11.

Following: "through"

Strike: "8"

Insert: "10"

6. Page 6.

Following: line 11

Insert: "(2) Section 3 of this act is intended to be codified in Title 2, chapter 15, part 10."

And as amended, do pass. Report adopted.

Adverse Committee Reports

On motion by Day, the Adverse Committee Report on HB 677 was adopted by the following vote: (79-11)

Ayes: Anderson, Baeth, Bardanouve, Bengtson, Bennett, Bertelsen, Brand, Conroy, Cooney, Curtiss, Daily, Dassinger, Day, Donaldson, Dozier, Dussault, Ellis, Ernst, Eudaily, Fabrega, Fedra, Frates, Gesek, Gilligan, Hand, Harper, Hemstad, Hirsch, Huennekens, Hurwitz, Iverson, Jensen, Johnson, Johnston, Kanduch, Keedy, Kemmis, Kessler, Keyser, Kropp, Kvaalen, Lien, Lory, Lund, McBride, Magone, Manning, Marks, Menahan, Metcalf, Meyer, Moore, Nathe, Oberg, O'Connell, Porter, Quilici, Ramirez, Reichert, H. Robbins, K. Robbins, Rosenthal, Roth, Schultz, Sivertsen, Smith, South, Spilker, Staigmiller, Teague, Thoft, Tropila, Uhde, Underdal, Vincent, Williams, Wood, Yardley, Mr. Speaker.

Total 79

Noes: Gould, Harrington, Hayne, Holmes, Manuel, Nordtvedt, Pavlovich, Sales, Stobie, Vinger, Wyrick.

Total 11

Excused: None.

Total 0

Absent or not voting: Azzara, Burnett, Ellerd, Ellison, Fagg, Pistoria, Scully, Seifert, Shelden, Waldron.

Total 10

HOUSE BILL NO. 437

INTRODUCED BY SOUTH

A BILL FOR AN ACT ENTITLED: "AN ACT TO ESTABLISH A PROGRAM UNDER WHICH THE STATE OF MONTANA MAY PROVIDE ITS EMPLOYEES WITH ADEQUATE GROUP HOSPITALIZATION, HEALTH, MEDICAL, DISABILITY, LIFE, AND OTHER RELATED GROUP BENEFITS IN AN EFFICIENT MANNER AND AT AN AFFORDABLE COST; AMENDING SECTIONS 2-18-702 AND 5-2-303, MCA; REPEALING SECTIONS 2-15-1012 AND 2-18-801 THROUGH 2-18-807, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

NEW SECTION. Section 1. Purpose. The purpose of [this act] is to establish a program under which the state may provide state employees with adequate group hospitalization, health, medical, disability, life, and other related group benefits in an efficient manner and at an affordable cost.

NEW SECTION. Section 2. Definitions. As used in [this act], the following definitions apply:

(1) "ADVISORY COUNCIL" MEANS THE STATE EMPLOYEE GROUP BENEFITS ADVISORY COUNCIL PROVIDED FOR IN [SECTION 3 OF THIS ACT].

(2) "Department" means the department of administration provided for in 2-15-1001.

(2)(3) "State employee" means an employee of the state, specifically including a member or employee of the legislative branch of state government. The term "state employee" does not include employees of counties, cities, towns, school districts, or the Montana university system.

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NEW SECTION. Section 5. General duties of the department. The department shall:

(1) adopt rules for the conduct of its business under

1 [this act] and to carry out the purposes of [this act];
 2 (2) negotiate and administer contracts for state
 3 employee group benefit plans;
 4 (3) design state employee group benefit plans,
 5 establish specifications for bids, and make recommendations
 6 for acceptance or rejection of bids;
 7 (4) prepare an annual report which describes the state
 8 employee group benefit plans being administered, details the
 9 historical and projected program costs and the status of
 10 reserve funds, and makes recommendations, if any, for change
 11 in existing state employee group benefit plans; and
 12 (5) prior to each legislative session, perform or
 13 obtain an analysis of rate adequacy of all state employee
 14 group benefit plans administered under [this act]. The
 15 department shall make copies of the report available to the
 16 legislature.
 17 **NEW SECTION.** Section 6. Alternatives to conventional
 18 insurance for providing state employee group benefits
 19 authorized -- requirements. The department may establish
 20 alternatives to conventional insurance for providing state
 21 employee group benefits. The requirements for providing
 22 alternatives to conventional insurance are as follows:
 23 (1) The department must maintain state employee group
 24 benefit plans on an actuarially sound basis.
 25 (2) The department must maintain reserves sufficient

1 to liquidate the unrevealed claims liability and other
 2 liabilities of state employee group benefit plans.
 3 (3) The department must deposit all reserve funds and
 4 premiums paid to a state employee group benefit plan.
 5 (4) The department must deposit income earned from the
 6 investment of a state employee group benefit plan's reserve
 7 fund into the account established under subsection (3) of
 8 this section in order to offset the costs of administering
 9 the plan.
 10 **NEW SECTION.** Section 7. Combining existing employee
 11 groups authorized. The department may combine existing state
 12 employee groups into larger groups for the purpose of
 13 establishing state employee group benefit plans on behalf of
 14 the combined groups. The department may also combine state
 15 employees into a single group for purposes of state employee
 16 group benefits under [this act].
 17 **NEW SECTION.** Section 8. Administrative costs. The
 18 department shall include the costs of administering and
 19 negotiating state employee group benefit plans established
 20 under [this act], as well as the costs of hiring necessary
 21 consultants, actuaries, and auditors under [this act], as
 22 part of the cost for state employee group benefits.
 23 **NEW SECTION.** Section 9. Transfer of authority of
 24 board of regents authorized. (1) The board of regents of
 25 higher education may transfer its authority for providing

group benefits for employees of the Montana university system to the department.

(2) Upon transfer of the board of regents' authority as provided in (1) of this section, group benefit plans for employees of the Montana university system are subject to the provisions of [this act].

NEW SECTION. Section 10. Annual audits of group benefit plans required. The department shall have the state employee group benefit plans established under [this act], whether established on a self-funded basis or not, audited annually by either the legislative auditor or an independent certified public accountant.

Section 11. Section 2-18-702, MCA, is amended to read:

"2-18-702. Group insurance for public employees and officers. (1) All ~~department, bureau, board, commission, and agency of the state and all~~ counties, cities, and towns, school districts, and the board of regents shall upon approval by two-thirds vote of the their respective officers and employees of ~~each such department, bureau, board, commission, agency, county, city, and town~~ enter into group hospitalization, medical, health, including long-term disability, accident, and/or group life insurance contracts or plans for the benefit of their officers, employees and their dependents.

(2) State employees, as defined in [section 2 of this

act], may participate in such state employee group benefit plans as are provided for under part 8 of this chapter.

~~(2)~~ (3) The premiums required from time to time to maintain such insurance in force shall be paid by the insured officers and employees, and the auditor shall deduct said premiums from the salary or wages of each officer or employee who elects to become insured, on the officer or employee's written order, and issue his warrant therefor to the insurer.

~~(3)~~ (4) For the purpose of [40-3905.1, R.C.M. 1947], the plans of health service corporations for defraying or assuming the cost of professional services of licentiates in the field of health, or the services of hospitals, clinics or sanitariums, or both professional and hospital services, shall be construed as group insurance, and the dues payable under such plans shall be construed as premiums therefor."

Section 12. Section 5-2-303, MCA, is amended to read:

"5-2-303. Participation in state ~~insurance~~ benefits group. ~~Members~~ Individual members of the senate and the house of representatives may enroll in the state employees insurance benefits group during the terms to which they have been elected ~~without the approval of two-thirds of the appropriate house under 2-18-807.~~ The ~~insurer~~ provider of benefits shall enroll and collect employee contributions directly from such legislators. The employer contribution

1 shall be paid from funds appropriated for that purpose."

2 Section 13. Codification. ~~(1) Sections 1, 2, AND 4~~
3 through 8 10 of this act are intended to be codified as an
4 integral part of Title 2, chapter 18, part 8, and the
5 provisions contained in Title 2, chapter 18, part 8, ~~of this~~
6 act apply to sections ~~1, 2, AND 4~~ through 8 10.

7 ~~(2) SECTION 3 OF THIS ACT IS INTENDED TO BE CODIFIED~~
8 ~~IN TITLE 2, CHAPTER 18, PART 10.~~

9 Section 14. Repealer. Sections 2-15-1012 and 2-18-801
10 through 2-18-807, MCA, are repealed.

11 Section 15. Effective date. This act shall be
12 effective immediately on passage and approval.

-End-

MINUTES OF THE MEETING
SELECT COMMITTEE ON EMPLOYEE COMPENSATION

12:30 P.M.
March 20, 1979
Room 108
State Capitol Building

The meeting was called to order by Acting Chairman Senator Himsl at 12:30 P.M. All members were present except Senators Lockrem and Story.

Representative Joe Brand from District 28, sponsor of HB 859, explained that his bill had been drafted because of a request from the Department of Administration. This bill clarifies current statutory language by addressing three minor problem areas. These areas deal with status of employees, permanent, seasonal and temporary and to design programs to recruit these different classifications of employees; defining employee and exempting elected state, county, or city officials, school teachers, and persons contracted as independent contractors; and giving vacation and holiday benefits to each of these groups of employees. Senator Himsl asked if there were any proponents to this bill.

Mr. Pat Estenson, Chief of the Personnel Division of the Employees Relations Bureau, stated that he was in favor of this bill because certain agencies had been experiencing problems dealing with the language in the current statutes. He cited the Highway Department as one such agency. This bill he went on further to say would provide uniform terminology in personnel policies for the state. He respectfully requested that the Committee give the bill a do pass recommendation.

The next proponent to HB 859 was Mr. Don Judge, the Executive Director of the AFSCME, AFL-CIO No. 9, stated that he was in favor of the bill if the Committee would place amendments to add the collective bargaining ingredient in general policy setting areas. He stated that there may be some disagreement as to which of the two employee practices laws would take precedent if the bill were left as it is. A copy of these amendments is attached.

There was no opposition to this bill.

Rep. Brand closed by asking that the Committee do give this bill a favorable recommendation. The hearing was then closed on HB 859.

Senator Himsl then opened the hearing on HB 260 and introduced its sponsor, Representative Carroll South. Representative South, District 51, stated that his bill transfers the authorization for changes in wage and classification from the Budget Director to the Department of Administration. He also stated that he had talked with both departments and they concur in this suggestion. Senator Himsl asked if there were any proponents to the bill.

23

Mr. George Boslem, representing the Budget Office, stated that he felt the bill should have been proposed years ago. Currently, the Budget Director determines both the salary and classification of the positions. He stated that it was appropriate that he determine the salary, but that classification of employees is a job for Personnel. This bill would do that and would make practices consistent with practical techniques.

Mr. Mark Cress, representing the Classification and Pay Bureau, then stated that he felt this change was appropriate.

There were no opponents to HB 260. The hearing was then closed on HB 260.

Senator Himsl then opened the hearing on HB 437, and introduced Representative Carroll South. Representative South, District 51, explained that his bill establishes a program under which the state of Montana may provide its employees with adequate group health, hospitalization, medical, disability, life, and other related group benefits in an efficient manner and at an affordable cost. These programs are currently very fragmented, he stated, and a great deal of disparities exist because of this situation. Senator Himsl then asked if there were any proponents to HB 437.

Mr. Bill Gosnell, representing the Personnel Division of the Department of Administration, stated that the Legislative Interim Finance Committee decided there was a problem with state employee's insurance equities, and that this law would assure equal protection under the law. Mr. Gosnell then presented some amendments which were agreed upon by various insurance companies and Sonny Omholdt's office, the State Auditor. These amendments define group benefits and exempt the state from paying premiums on unrelated items, i.e. casualty, property, surety, marine, and title. Mr. Gosnell stated that the Governor supported this bill with these amendments. He then handed out a copy of the governor's recent letter to him stating this.

Mr. Jack Noble, representing the Montana University System, stated that his group supported this bill.

Mr. Tom Snyder, Executive Director of the Montana Employees Association, stated that this bill will correct insurance problems that the state is having with employee benefits, and that if this Committee killed this bill that it could very possibly send the Legislature into an Executive Session. He requested that the Committee give the bill a do pass recommendation. Senator Himsl then asked if there were any opponents to HB 437.

Mr. James Harrison, MPS Blue Shield representative, stated that there is a problem with fragmentation, and that this bill would correct that problem. But, he thought that placing the problem in the hands of the employers, could cause morale problems. He felt that the language in the bill was vague and ambiguous. He also felt that the state should not be in the insurance business, which he believed this bill would do. He said that rather than have a fiscal note for \$51,000 per year, that it should read in excess of

Select Committee on Employee Compensation

March 20, 1979

Page 3

\$5,000,000, to account for reserves. He felt that the only good thing the bill did was in the amount of employees that it would cover.

The next opponent to HB 437 was Mr. Ross Cannon, representing the Montana Life Underwriter's Association, stated that he was very much opposed to Section 6 because it gives the Department the authority to make decisions on all insurance matters autonomously. He also went on to state that the Advisory Council has no guidelines set down. They don't make recommendations to administrate, which should be one of their functions, he also explained. He felt that the state has no right in the insurance business. He requested that the Committee strike Section 6 in its entirety.

The next opponent to HB 437 was Mr. Zack Stevens of the Montana Farm Bureau and Farm Union, stated that he was opposed to the state's attempt to infringe upon the free enterprise system.

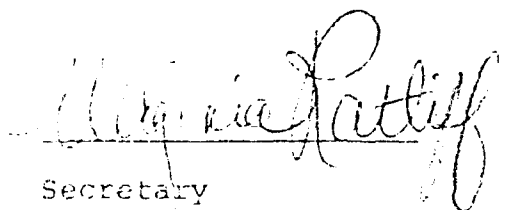
The next opponent to HB 437 was Mr. Boyce Clark, member of the Independent Insurance Agencies of Montana, stated that if the state becomes the favored insurance to employees, that his organization is greatly opposed.

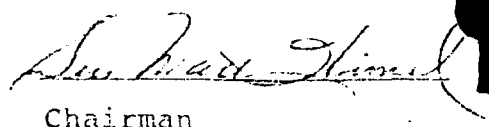
Mr. Forest Bolls of the Montana Chamber of Commerce, opposed HB 437 because the state is not an adequate company to deal in insurance.

Mr. Elmer Hoskin, member of the board of directors of Montana's Life Underwriter's Association, questioned the "affordable cost" in the enabling clause. He also felt that the state should not be involved in the insurance business.

Mr. Pete Sullivan, of the Helena Association of Life Underwriters, stated that he was opposed to HB 437, because the state should not be involved in the insurance business. There were no more opponents to HB 437.

Representative Carroll South in closing stated that most of the opposition came from the self-insuring aspect. He stated that the enabling clause in this bill is the mechanism they can utilize if they should decide to self-insure, but at the present time, it doesn't look promising. The state of Montana, he went on further to state, will probably continue contracting individual insurance companies to carry policies on state employees. In the long run, setting up reserves and policies could be more expensive. Questions were asked and answered next, and then the hearing was closed on HB 437. The hearing was adjourned at 1:45 P.M. by Acting Chairman Senator Himsl.


Secretary


Chairman

23

MINUTES OF THE MEETING
SELECT COMMITTEE ON EMPLOYEE COMPENSATION

9:00 A.M.
March 21, 1979
Room 108
State Capitol Building

Acting Chairman Senator Hims1 called the meeting to order at 9:00 A.M. All members were present. Senator Hims1 opened the hearing on HB 528 and introduced Representative Carroll South.

Representative Carroll South, sponsor of HB 528 from District 51, stated that his bill was drafted to keep the classification system intact and give it integrity. This bill, he went on further to state allows management classification changes whenever it feels necessary in order to treat state employees in an equitable manner. If there are problems with their decisions, employees can appeal individually or collectively to the State Appeals Board. Representative South stated that management should have this prerogative. Senator Hims1 asked if there were any proponents to HB 528.

Mr. Bill Gosnell, representative of the Personnel Division of the Department of Administration, stated that he was in favor of this bill because the nature of the problem is critical. He stated that his testimony would be the same as it had been to the House committee, and he presented written material to each member explaining his position. A copy of this testimony is attached. There were no other proponents to HB 528. Senator Hims1 then asked if there were any opponents to HB 528.

Mr. Cordell Brown, representing the Montana Federation of Teachers, stated that he felt it was a bad bill and that it was being passed only out of frustration because no solution has been reached on the problem of re-classification and negotiations of collective bargaining. He went on further to state that these two situations can co-exist. He presented a PDF and it's cost analysis for a mistake that was made by the Department of Administration. It is very easy to get a PDF through, and felt that there really wasn't a need for this legislation. The Board of Appeals says that they feel it would be better to bargain over the table rather than go through the appeals process. He urged the Committee to give the bill a do not pass recommendation.

The next opponent to HB 528 was Mr. Don Judge, the Executive Director of the AFL-CIO, stated that the abuses and wage problems weren't created by labor, but that this bill will further penalize them. He stated that negotiations are needed, because the appeals process cuts out labor's input. He requested that the Committee give the bill a do not pass recommendation.

March 21, 1979

Page 3

Administration. He explained that HB 528 completely "washes out" the intent of the law by allowing the State Personnel Division to merely "consult with the representative of the bargaining unit over classification specifications". This would destroy any power the bargaining agent has he explained, and he urged the Committee to give a do not pass recommendation to HB 528.

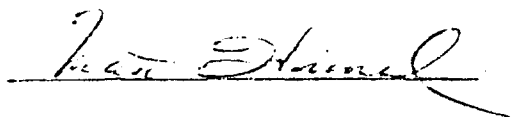
At this point, questions were asked by the Committee and answered by the different organizations represented at the hearing. The hearing was then closed on HB 528 by Senator Himsl. Representative Gerke and Senator Story then left the hearing and so did not vote. At this point, the Committee went into Executive Session to consider HB 260. Representative Tropila moved that HB 260 do pass. This motion carried unanimously, and it was the consensus of the Committee that Senator Fasbender would carry this bill on the Senate floor.

Representative Tropila then moved that the amendments to HB 859, as presented do pass. Representative South, the sponsor of HB 859, stated that he was in agreement with the amendments proposed. This motion carried unanimously. Representative South then moved that as amended HB 859 do pass. This motion carried unanimously, and it was the consensus of the Committee that Senator Himsl would carry this bill on the Senate floor.

Representative South then moved that both pages of amendments proposed to HB 437 do pass. This motion carried unanimously. Senator Regan then moved that HB 437 do pass as amended. This motion also carried unanimously. Senator Himsl then stated that this bill would be placed back in the Senate Finance and Claims Committee for their approval. It was the consensus of the Committee that Senator Fasbender would carry HB 437 on the Senate floor.

Representative South then moved that consideration of HB 528 with it's amendments proposed be postponed until he was able to talk to Governor Judge. This motion carried unanimously.

There being no further business, the meeting was adjourned at 10:20 A.M. by Senator Himsl.



CHAIRMAN



SECRETARY

27

46th LEGISLATIVE SESSION

COMMITTEE ON Senate Finance & Claims

HOUSE BILL NO.	ENTERED COMM.	DATE CONSIDERED	OUT OF COMM.	DO PASS DATE	DO NOT PASS DATE	DO PASS AS AMEND. DATE	BE CON- CURRED IN DATE	BE CONC. IN AS AMENDED DATE	BE NOT CON- CURRED IN DATE
377	3/8	3/8	3/8					3/8	
386	4/11	4/12,13	4/13				4/13		
403	2/23	3/3	3/3				3/3		
410	3/27	4/6,10	4/10				4/10		
415	2/12	2/17	2/17					2/17	
416	3/15	3/19,20	3/20					3/20	
417	4/19	4/19	4/19				4/19		
418	3/27	4/4,5	4/5					4/5	
425	2/14	3/6	4/19					4/19	
437	2/23	Select Committee on Pay Plan							
445	2/14	3/3,8	3/8				3/8		
472	3/27	4/5,9	4/9				4/9		
483	3/27	4/4						4/4	
502	3/27	4/4,5	4/5						4/5
507	4/11	4/12,13	4/13				4/13		
508	4/11	4/12,13	4/13				4/13		

Use a separate sheet for Senate House Bills, and Resolutions.

MINUTES OF THE MEETING
FINANCE AND CLAIMS COMMITTEE
MONTANA STATE SENATE

March 22, 1979

The twenty-second meeting of the Senate Finance and Claims Committee met on the above date in Room 108 of the State Capitol Building. Roll call was taken, and the Chairman, Senator Hims1, called the meeting to order at 8:10 a.m.

ROLL CALL: All members present except Senators Regan and Thiessen.

CONSIDERATION OF HOUSE BILL 556: Rep. Day explained the bill. He said this bill had been in Long Range Building Committee, but in order to get the money sooner, they had put it through as a separate bill. The reason for the need for the money immediately, was that last summer they had a lot of moisture in Eastern Montana, and the people from Fish and Game can show you what happened there. One of the switch backs was taken out and the debris was spread over another switch back. The county made a temporary road through that is only passable in dry weather. The money for this repair comes one-half from the coal tax earmarked revenue for parks and the other one-half with federal money.

Mr. Koehnke, OBPP, said he would pass out a handout which would explain where the money goes in regard to the coal tax. They have requested too much money, but there is money available for the Parks Program. This would save the requirements, and they could let the bids and get the work done before the adverse weather sets in, and then they can use the park.

Mr. Dick Mayer, Fish and Game, passed around a chart that he took back again and also a handout. He said they have advertised for bids, have a contract that will meet the estimate, and they are ready to go ahead as soon as the board of examiners gives them the go-ahead.

Joe Armstrong, Highway Department, and an expert on slides said the landslide was the topography of the area. He explained the work that would be done in sequence. He said they took an attitude of "live with the slide", do what we could to stabilize the area. He said they would stabilize the land mass by using other points and removing some bulk from the headway - the driving force of the mass, and load up the toe to get some resistance. He said the major cause of the slide was the poor drainage in the area. They would install pipes in the top to take away some of the water before it gets to the slide area. He continued to give more technical information on the stabilization of the area, and the best efforts to reduce the repetition of the process. Pictures of the area and the slide are attached.

Senator Fasbender: In going through and doing the work now, does it preclude the road sliding out somewhere else later on? Mr. Armstrong: No. This work is on the slide itself. Senator Fasbender: Are you taking a look at the rest of it? Is the rest of the road in fairly stable condition? Mr. Mayer: We had looked at building the road in another area, but had problems there.

29

Senator Lockrem: You say you have decided to live with the slide. What if it just keeps coming - have you looked at any other areas as to the problems there?

Mr. Mayer: We had considered relocation of the road. To go up the same area of distance, we would still wind up with landslides in the same general area.

Senator Etchart: The cost is \$900 an acre to use a stabilizer.

Senator Lockrem: That is a "spray on" stabilizer. It plants the grass, sets the mass, etc., all in one operation. It is quite expensive. but that is actually what they do.

Senator Aklestad: What is the field monitoring? Mr. Mayer: This is not really to determine the slide, but the effect of the slide so that we have some sort of reassurance that what we are doing is the correct thing and something we are able to go on for modifications.

Senator Himsl: Have the bids been opened on this project? Mr. Mayer: Yes. Senator Himsl: You have a definite low bidder? Mr. Mayer: Yes. Senator Himsl: Do you have the bid price? Mr. Mayer: Yes. Senator Himsl: Can you give it to us? Mr. Mayer: I don't have it with me, but it is right on the estimate. His estimate was around \$100,000 for his bid. This would not include the consultant nor the work they did to the horizon drains.

Senator Himsl: Who was your consultant? Mr. Mayer: On any job over \$125,000 we must hire a consultant, by law. We would go to the board of examiners and retain Morrison-Maierle.

Senator Himsl: What is the rationale for that? Mr. Mayer: So that private industry is handling it and we don't have to staff up for any special projects, thus inflating our staff. I don't know for sure, but this is the reasoning for doing it this way.

Rep. Day made his closing statement: If we are going to utilize this, we have to have a road. This is within reason since the contractor has bid somewhere near where the estimate is. We have money available that is earmarked for this, and there is critical need for it.

Senator Himsl, with no further proponents, no opponents, declared the hearing closed.

DISPOSITION OF HOUSE BILL 556: Motion by Senator Smith that we concur in House Bill 556. Voted and passed, Senator Thiessen to carry the bill on the Senate floor.

CONSIDERATION OF HOUSE BILL 437: Senator Himsl said this bill came out of the Select Committee on the Pay Plan. This deals with the establishment of a program to study the proposal of health and medical care, etc., insurance in the state. A fiscal note is in the book; it indicates it may cost \$51,000 to look into it. Several amendments have been presented. Perhaps, Senator Fashbender can explain the bill.

30

Senator Fasbender: One of the problems we ran into - the Legislative Finance Committee took a look at the insurance. Blue Cross came back with exorbitant price increases. They thought the State should get into a self-insurance program. We were looking at it at that time. This bill is an attempt to get a consolidated insurance program so that everyone is back under the same plan. The various costs being paid by single people and by married people, we should be able to get people insured at less rates than we are getting now. Some of the insurance carriers object. Equitable came in and said they would be willing to do this. Now, it seems that a number of insurance groups are worried that the state will get into a self-insurance so that they have brought the rates down for a time. I don't think the rate for checking this out is why.

Senator Himsl: This is not general fund money. It comes out of premium money.

Senator Lockrem: Do we need this bill, or is there another bill that would consolidate them? Senator Fasbender: We need the bill.

Senator Etcharg: They tried, administratively, to force this thing. Tried to put all the state units on one plan. Some groups have a higher risk than other groups. The Fish and Game and the Highway were being offered a lower rate than they charge for the whole state. The blues down there at the Highway and Fish and Game decided they would rather be on their own with their own plan than have to pay a higher rate.

Senator Fasbender: The low risks take off on their own and the other people get less insurance for a higher rate.

Senator Aklestad: Does the state pick up the tab? Senator Fasbender: No. We pick up the \$30 per month, figure it as an increase in pay - a percentage increase. Those people who both work for the state in a family do not get the break. They cannot utilize it.

Senator Lockrem: The \$50 per month rate covers a family. Then a single man just covers himself. There are a lot of problems.

Senator Himsl: My problem is whether we have to be concerned with the bill because of the \$150,000 or can we leave it in the Select Committee and have it come out that way?

Senator Fasbender: The program is administrative now and I am not sure this is even an increase.

Senator Himsl: If this is the consensus, I think it could stay in the Select Committee and not go through this Committee.

Senator Himsl: The advisory council that worked on this had some 30 people on it from all over the state. They drew up the plan and the proposals. Essentially, the advisory group will go into this and consult ultimately with the Department and create the plan.

Senator Lockrem: The advisory council is almost a mob - isn't this a big bulky to work with?

Senator Fashbender: Now the size will be determined by the Department

This bill was discussed further and it was decided to leave it in the Select Committee on the Pay Plan which is to meet in a few minutes at 9:00 a.m.

The meeting adjourned at 8:48 a.m.

Senator Hims1, Chairman

ROLL CALL

SENATE FINANCE AND CLAIMS COMMITTEE

46TH LEGISLATIVE SESSION 1979

Date 3-22-79

NAME	PRESENT	ABSENT	EXCUSED
SENATOR HIMSL	✓		
SENATOR STORY	✓		
SENATOR AKLESTAD	✓		
SENATOR LOCKREM	✓		
SENATOR ETCHART	✓		
SENATOR NELSON	✓		
SENATOR SMITH	✓		
SENATOR BOYLAN	✓		
SENATOR REGAN			
SENATOR FASBENDER	✓		
SENATOR THIESSEN			
SENATOR THOMAS	✓		
SENATOR STIMATZ	✓		

AMENDMENTS TO HB 437

FROM THE SELECT COMMITTEE ON EMPLOYEE COMPENSATION

1. Page 2.

Following: line 5

Insert: "(4) "Group benefits" means group hospitalization, health, medical, surgical, disability, life and other similar and related group benefits provided to officers and employees of the state. The term "group benefits" does not include casualty insurance, defined in 33-1-206; marine insurance defined in 33-1-209; property insurance defined in 33-1-210; surety insurance defined in 33-1-211; and title insurance defined in 33-1-212.

2. Page 4.

Following: line 9

Insert: "(5) The department shall, prior to implementation of any alternative to conventional insurance, present to the advisory council the evidence upon which the department has concluded that the alternative method will be more efficient, less costly, or otherwise superior to contracting for conventional insurance. The department may not implement any full self insurance alternative prior to July 1, 1981.

(6) The provisions of title 33 shall not apply to the department when exercising the powers and duties provided for in this section."

AMENDMENTS TO HB 437

FROM THE SELECT COMMITTEE ON EMPLOYEE COMPENSATION

1. Page 2.

Following: line 5

Insert: "(4) "Group benefits" means group hospitalization, health, medical, surgical, disability, life and other similar and related group benefits provided to officers and employees of the state. The term "group benefits" does not include casualty insurance, defined in 33-1-206; marine insurance defined in 33-1-209; property insurance defined in 33-1-210; surety insurance defined in 33-1-211; and title insurance defined in 33-1-212.

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(6) The provisions of title 33 shall not apply to the department when exercising the powers and duties provided for in this section."

March 22, 1979

SENATE STANDING COMMITTEE REPORT
(Select Employee Compensation)

That House Bill No. 437, third reading bill, be amended as follows:

1. Page 2.

Following: line 5

Insert: "(4) "group benefits" means group hospitalization, health, medical, surgical, disability, life, and other similar and related group benefits provided to officers and employees of the state. The term "group benefits" does not include casualty insurance, defined in 33-1-206; marine insurance defined in 33-1-209; property insurance defined in 33-1-210; surety insurance defined in 33-1-211; and title insurance defined in 33-1-212."

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(6) The provisions of title 33 shall not apply to the department when exercising the powers and duties provided for in this section."

SIXTY-SIXTH LEGISLATIVE DAY

Helena, Montana
March 22, 1979

Senate Chambers
Capitol Building

Senate convened at 10:00 a.m., President Mathers presiding. Invocation by the Chaplain. Pledge of Allegiance to the Flag.

Roll call. All members present except Thiessen, excused. Quorum present.

Mr. President: We, your Committee on Bills and Journal, having examined the daily journal for the Sixty-first Legislative Day, find the same to be correct.

DOVER, Chairman

REPORTS OF STANDING COMMITTEES

BILLS (Dover, Chairman):

Correctly engrossed - SB 358. Report adopted.

Signed by the Speaker of the House and President of the Senate, 3/22/79, at the hour of 9:00 a.m., delivered to the Governor for his approval SB 40, SB 185, SB 288, SB 321, SB 322. Report adopted.

The Senate will please take note that the President did, at the hour of 5:45 p.m., 3/21/79, sign the following bills:

HB 19, HB 67, HB 107, HB 113, HB 175, HB 187, HB 217, HB 233, HB 270, HB 348, HB 352, HB 375, HB 463, HB 598, HB 618, HB 711, HB 780, HB 817, HJR 7, HJR 38, HJR 48.

William L. Mathers
President

The Senate will please take note that the President did, at the hour of 5:45 p.m., 3/21/79, sign the following bills:

SB 59, SB 85, SB 149, SB 227, SB 276, SB 305, SB 367, SB 432, SB 441, SB 467, HB 48, HB 80, HB 85, HB 132, HB 209, HB 212, HB 214, HB 220, HB 224, HB 229, HB 234, HB 238, HB 242, HB 264, HB 301, HB 330, HB 332, HB 367, HB 368, HB 378, HB 383, HB 408, HB 413, HB 422, HB 431, HB 445, HB 485, HB 491, HB 498, HB 577, HB 590, HB 666, HB 668, HB 786, HB 846, SJR 18, SJR 21.

William L. Mathers
President

TAXATION (Turnage, Chairman):

SB 142, introduced bill, be amended as follows:

1. Title 1, line 4.

Following: "TO"

Strike: remainder of the bill

Insert: "LIMIT THE TAXABLE VALUE ON MOST RESIDENTIAL, INDUSTRIAL, AND COMMERCIAL PROPERTY TO 5% OF ITS TRUE MARKET VALUE; AND PROVIDING AN EFFECTIVE DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Limitation on taxable value. (1) The taxable value as determined under the provisions of 15-8-111 of property in 15-6-112,

Following: "and"

Strike: "state air and water quality agencies"

Insert: "department of health, and the board of health"

52. Page 36, line 16 through line 22 on page 38.

Strike: section 23 in its entirety

53. Page 39, line 18.

Following: "court"

Strike: "may"

Insert: "must"

54. Page 39, line 21.

Following: "board"

Insert: "; except that the cost of the bond is not chargeable to the applicant as part of the fee"

And, as so amended, be concurred in. Report adopted.

SELECT COMMITTEE ON EMPLOYEE COMPENSATION (Himsl, Chairman):

HB 260 be concurred in. Report adopted.

HB 437, third reading copy, be amended as follows:

1. Page 2.

Following: line 5

Insert: "(4) 'group benefits' means group hospitalization, health, medical, surgical, disability, life, and other similar and related group benefits provided to officers, and employees of the state. The term 'group benefits' does not include casualty insurance, defined in 33-1-206; marine insurance defined in 33-1-209; property insurance defined in 33-1-210; surety insurance defined in 33-1-211; and title insurance defined in 33-1-212."

2. Page 4.

Following: line 9

Insert: "(5) The department shall, prior to implementation of any alternative to conventional insurance, present to the advisory council the evidence upon which the department has concluded that the alternative method will be more efficient, less costly, or otherwise superior to contracting for conventional insurance. The department may not implement any full self insurance alternative prior to July 1, 1981."

(6) The provisions of Title 33 shall not apply to the department when exercising the powers and duties provided for in this section."

And, as so amended, be concurred in. Report adopted.

HB 528, third reading copy, be amended as follows:

1. Page 1, line 20.

Following: "adjustments"

Insert: " , except for blue collar, teachers, and liquor store clerks classification plans which shall remain mandatory negotiable items under the Collective Bargaining Act."

And, as so amended, be concurred. Report adopted.

HB 859, third reading copy, be amended as follows:

1. Page 3, line 3.

Following: "law"

HOUSE BILL NO. 437

INTRODUCED BY SOUTH

A BILL FOR AN ACT ENTITLED: "AN ACT TO ESTABLISH A PROGRAM UNDER WHICH THE STATE OF MONTANA MAY PROVIDE ITS EMPLOYEES WITH ADEQUATE GROUP HOSPITALIZATION, HEALTH, MEDICAL, DISABILITY, LIFE, AND OTHER RELATED GROUP BENEFITS IN AN EFFICIENT MANNER AND AT AN AFFORDABLE COST; AMENDING SECTIONS 2-18-702 AND 5-2-303, MCA; REPEALING SECTIONS 2-15-1012 AND 2-18-801 THROUGH 2-18-807, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

NEW SECTION. Section 1. Purpose. The purpose of [this act] is to establish a program under which the state may provide state employees with adequate group hospitalization, health, medical, disability, life, and other related group benefits in an efficient manner and at an affordable cost.

NEW SECTION. Section 2. Definitions. As used in [this act], the following definitions apply:

(1) "ADVISORY COUNCIL" MEANS THE STATE EMPLOYEE GROUP BENEFITS ADVISORY COUNCIL PROVIDED FOR IN [SECTION 3 OF THIS ACT].

(2) "Department" means the department of administration provided for in 2-15-1001.

~~(2)(3) "State employee" means an employee of the state, specifically including a member or employee of the legislative branch of state government. The term "state employee" does not include employees of counties, cities, towns, school districts, or the Montana university system.~~

~~(4) "GROUP BENEFITS" MEANS GROUP HOSPITALIZATION, HEALTH, MEDICAL, SURGICAL, DISABILITY, LIFE, AND OTHER SIMILAR AND RELATED GROUP BENEFITS PROVIDED TO OFFICERS AND EMPLOYEES OF THE STATE. THE TERM "GROUP BENEFITS" DOES NOT INCLUDE CASUALTY INSURANCE, DEFINED IN 33-1-206; MARINE INSURANCE DEFINED IN 33-1-209; PROPERTY INSURANCE DEFINED IN 33-1-210; SURETY INSURANCE DEFINED IN 33-1-211; AND TITLE INSURANCE DEFINED IN 33-1-212.~~

SECTION 3. THERE IS A NEW MCA SECTION THAT READS:

State employee group benefit advisory council to be created -- composition. (1) The department shall create a state employee group benefits advisory council under 2-15-122.

(2) The members of the advisory council shall be selected from a diverse group in order to adequately represent the interests of state employees.

SECTION 4. THERE IS A NEW MCA SECTION THAT READS:

Functions of advisory council. (1) The department shall meet and consult with the advisory council before negotiating, contracting, or otherwise modifying state

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1 employee group benefit plans.

2 (2) The advisory council shall meet quarterly to
3 review the existing state employee group benefit plans, to
4 review claims problems, and to advise the department on
5 state employee group benefit matters.

6 NEW SECTION. Section 5. General duties of the
7 department. The department shall:

8 (1) adopt rules for the conduct of its business under
9 [this act] and to carry out the purposes of [this act];

10 (2) negotiate and administer contracts for state
11 employee group benefit plans;

12 (3) design state employee group benefit plans,
13 establish specifications for bids, and make recommendations
14 for acceptance or rejection of bids;

15 (4) prepare an annual report which describes the state
16 employee group benefit plans being administered, details the
17 historical and projected program costs and the status of
18 reserve funds, and makes recommendations, if any, for change
19 in existing state employee group benefit plans; and

20 (5) prior to each legislative session, perform or
21 obtain an analysis of rate adequacy of all state employee
22 group benefit plans administered under [this act]. The
23 department shall make copies of the report available to the
24 legislature.

25 NEW SECTION. Section 6. Alternatives to conventional

1 insurance for providing state employee group benefits
2 authorized -- requirements. The department may establish
3 alternatives to conventional insurance for providing state
4 employee group benefits. The requirements for providing
5 alternatives to conventional insurance are as follows:

6 (1) The department must maintain state employee group
7 benefit plans on an actuarially sound basis.

8 (2) The department must maintain reserves sufficient
9 to liquidate the unrevealed claims liability and other
10 liabilities of state employee group benefit plans.

11 (3) The department must deposit all reserve funds and
12 premiums paid to a state employee group benefit plan.

13 (4) The department must deposit income earned from the
14 investment of a state employee group benefit plan's reserve
15 fund into the account established under subsection (3) of
16 this section in order to offset the costs of administering
17 the plan.

18 ~~(5) THE DEPARTMENT SHALL, PRIOR TO IMPLEMENTATION OF~~
19 ~~ANY ALTERNATIVE TO CONVENTIONAL INSURANCE, PRESENT TO THE~~
20 ~~ADVISORY COUNCIL THE EVIDENCE UPON WHICH THE DEPARTMENT HAS~~
21 ~~CONCLUDED THAT THE ALTERNATIVE METHOD WILL BE MORE~~
22 ~~EFFICIENT, LESS COSTLY, OR OTHERWISE SUPERIOR TO CONTRACTING~~
23 ~~FOR CONVENTIONAL INSURANCE. THE DEPARTMENT MAY NOT IMPLEMENT~~
24 ~~ANY FULL SELF INSURANCE ALTERNATIVE PRIOR TO JULY 1, 1981.~~

25 ~~(6) THE PROVISIONS OF TITLE 33 SHALL NOT APPLY TO THE~~

DEPARTMENT WHEN EXERCISING THE POWERS AND DUTIES PROVIDED FOR IN THIS SECTION.

NEW SECTION. Section 7. Combining existing employee groups authorized. The department may combine existing state employee groups into larger groups for the purpose of establishing state employee group benefit plans on behalf of the combined groups. The department may also combine state employees into a single group for purposes of state employee group benefits under [this act].

NEW SECTION. Section 8. Administrative costs. The department shall include the costs of administering and negotiating state employee group benefit plans established under [this act], as well as the costs of hiring necessary consultants, actuaries, and auditors under [this act], as part of the cost for state employee group benefits.

NEW SECTION. Section 9. Transfer of authority of board of regents authorized. (1) The board of regents of higher education may transfer its authority for providing group benefits for employees of the Montana university system to the department.

(2) Upon transfer of the board of regents' authority as provided in (1) of this section, group benefit plans for employees of the Montana university system are subject to the provisions of [this act].

NEW SECTION. Section 10. Annual audits of group

benefit plans required. The department shall have the state employee group benefit plans established under [this act], whether established on a self-funded basis or not, audited annually by either the legislative auditor or an independent certified public accountant.

Section 11. Section 2-18-702, MCA, is amended to read:

"2-18-702. Group insurance for public employees and officers. (1) All ~~departmental, bureau, board, commission, and agencies of the state and all~~ counties, cities, and towns, school districts, and the board of regents shall upon approval by two-thirds vote of the their respective officers and employees of ~~each such department, bureau, board, commission, agency, county, city, and town~~ enter into group hospitalization, medical, health, including long-term disability, accident, and/or group life insurance contracts or plans for the benefit of their officers, employees and their dependents.

(2) State employees, as defined in [section 2 of this act], may participate in such state employee group benefit plans as are provided for under part 8 of this chapter.

(2)(3) The premiums required from time to time to maintain such insurance in force shall be paid by the insured officers and employees, and the auditor shall deduct said premiums from the salary or wages of each officer or employee who elects to become insured, on the officer or

1 employee's written order, and issue his warrant therefor to
2 the insurer.

3 ~~{3}{4}~~ For the purpose of [40-3905.1, R.C.M. 1947],
4 the plans of health service corporations for defraying or
5 assuming the cost of professional services of licentiates in
6 the field of health, or the services of hospitals, clinics
7 or sanitariums, or both professional and hospital services,
8 shall be construed as group insurance, and the dues payable
9 under such plans shall be construed as premiums therefor."

10 Section 12. Section 5-2-303, MCA, is amended to read:

11 "5-2-303. Participation in state insurance benefits
12 group. ~~Members~~ individual members of the senate and the
13 house of representatives may enroll in the state employees
14 insurance ~~benefits~~ group during the terms to which they have
15 been elected, ~~without the approval of two-thirds of the~~
16 ~~appropriate house under 2-18-807.~~ The insurer provider of
17 benefits shall enroll and collect employee contributions
18 directly from such legislators. The employer contribution
19 shall be paid from funds appropriated for that purpose."

20 Section 13. Codification. (1) Sections 1, 2, AND 4
21 through 8 10 of this act are intended to be codified as an
22 integral part of Title 2, chapter 18, part 8, and the
23 provisions contained in Title 2, chapter 18, part 8, of ~~this~~
24 act apply to sections 1, 2, AND 4 through 8 10.

25 (2) SECTION 3 OF THIS ACT IS INTENDED TO BE CODIFIED

1 IN TITLE 2, CHAPTER 15, PART 10.

2 Section 14. Repealer. Sections 2-15-1012 and 2-18-801
3 through 2-18-807, MCA, are repealed.

4 Section 15. Effective date. This act shall be
5 effective immediately on passage and approval.

-End-